

1963

REPORT

of the

President and Directors

of the

Atlanta and West Point Rail Road Company

to the

Stockholders in Convention

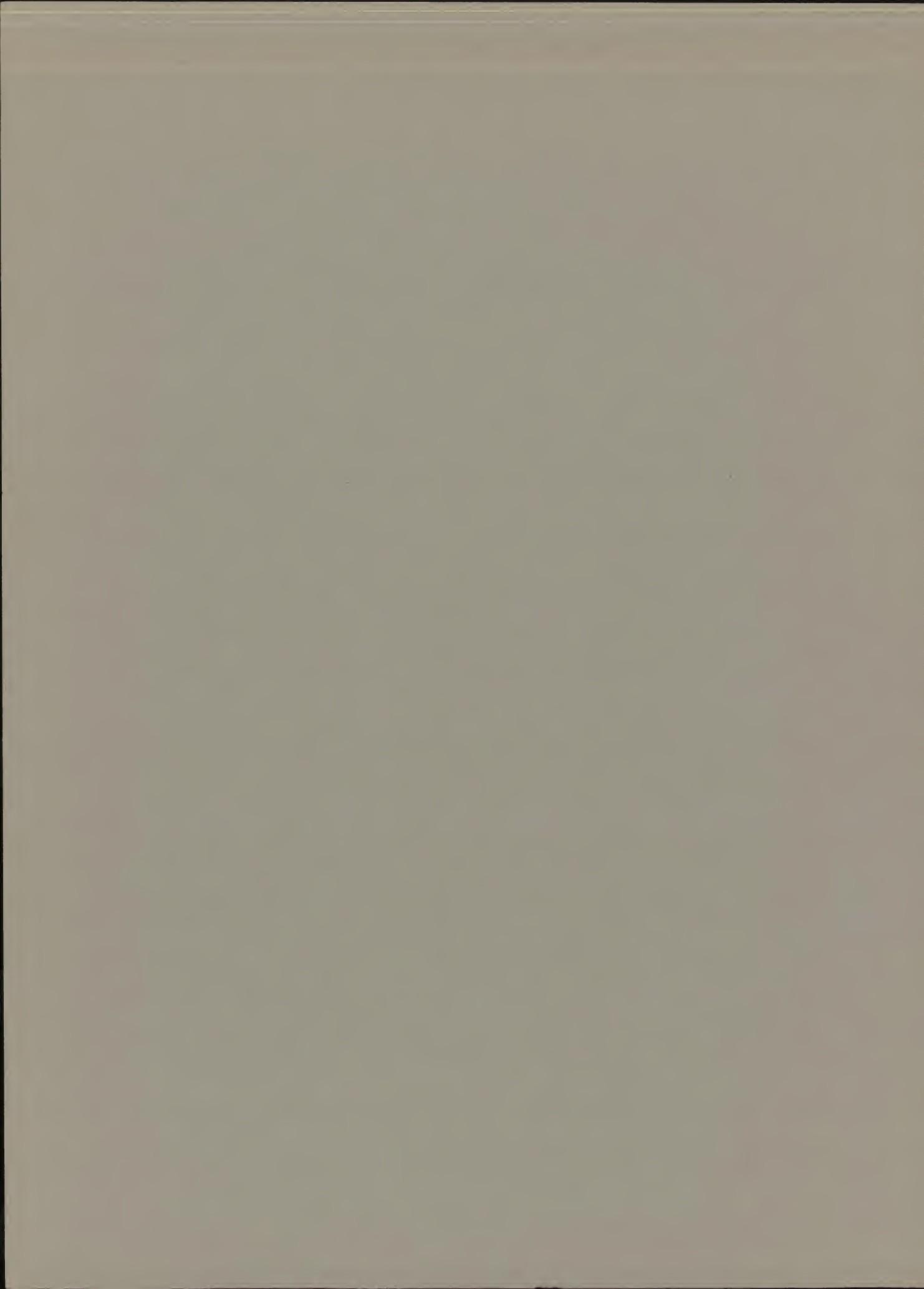
for the

Year Ended December 31, 1963

BOARDS

MRB

9652.0923
At 62 r



1963

REPORT

of the

President and Directors

of the

Atlanta and West Point Rail Road Company

to the

Stockholders in Convention

for the

Year Ended December 31, 1963

Board of Directors

J. ARCH AVARY, JR., *Atlanta, Georgia*
EDWARD G. COLE, JR., *Newnan, Georgia*
JOHN W. DENT, *Atlanta, Georgia*
WILLIAM H. KENDALL, *Louisville, Kentucky*
JOSEPH L. LANIER, *West Point, Georgia*
J. CLYDE MIXON, *Atlanta, Georgia*
CARL J. REITH, *Atlanta, Georgia*
W. THOMAS RICE, *Jacksonville, Florida*
SAMUEL R. YOUNG, *College Park, Georgia*

Executive Committee

WILLIAM H. KENDALL
J. CLYDE MIXON
W. THOMAS RICE

The Staff

J. C. MIXON, *President and General Manager*
T. C. BULLARD, *Secretary and Treasurer*
EDENFIELD, HEYMAN AND SIZEMORE, *General Counsel*
B. A. CULPEPPER, *Comptroller*
E. J. HALEY, *General Superintendent*
MARSHALL L. BOWIE, *Director of Personnel*
J. B. WILSON, *Chief Engineer*
J. B. PACE, *Purchasing Agent*
W. T. MARTIN, *Chief Traffic Officer*
A. P. McELROY, *General Passenger Agent*

GENERAL OFFICES: 4 Hunter Street, S. E., Atlanta, Ga., 30303

COMPARATIVE SUMMARY OF OPERATING AND CORPORATE RESULTS, AND FINANCIAL POSITION

SOURCE OF INCOME	1963	1962	Increase or Decrease	
			Amount	Percent
Income:				
Freight.....	\$ 2,656,270	\$ 2,636,944	\$ 19,326	0.7
Passenger.....	235,885	257,876	—21,991	—8.5
Mail, express and other operations.....	434,991	442,917	—7,926	—1.8
Rent for equipment and joint facilities.....	—229,341	—320,940	91,599	28.5
Dividends, interest, and miscellaneous income.....	132,161	159,301	—27,140	—17.0
TOTAL.....	3,229,966	3,176,098	53,868	1.7
CHARGES AGAINST INCOME				
Railway tax accruals.....	198,222	197,527	695	0.4
Operating expenses:				
Maintenance of way and structures.....	410,192	449,873	—39,681	—8.8
Maintenance of equipment.....	659,896	571,610	88,286	15.4
Traffic.....	216,848	231,871	—15,023	—6.5
Transportation.....	1,474,871	1,505,375	—30,504	—2.0
Miscellaneous operations.....	41,972	40,298	1,674	4.2
General.....	218,377	219,939	—1,562	—0.7
TOTAL.....	3,022,156	3,018,966	3,190	0.1
Other deductions from income:				
Interest on debt.....	31,311	29,109	2,202	7.6
Taxes on nonoperating property.....	9,691	9,389	302	3.2
Miscellaneous.....	1,940	2,080	—140	—6.7
TOTAL.....	42,942	40,578	2,364	5.8
TOTAL CHARGES AGAINST INCOME.....	3,263,320	3,257,071	6,249	0.2
NET INCOME.....	—33,354	—80,973	47,619	58.8
Dividends to shareholders.....	98,544	98,544		
Amount available for debt reduction, improvements, and other purposes.....	—131,898	—179,517	47,619	26.5
Net income per share.....	—1.35	—3.29	1.94	58.8
Dividend payments per share.....	4.00	4.00		
FINANCIAL POSITION				
Total investments less recorded depreciation and amortization.....	\$ 6,244,017	\$ 6,208,662	\$ 35,355	0.6
Current assets.....	1,782,723	1,944,851	—162,128	—8.3
Deferred and unadjusted assets.....	63,484	319,763	—256,279	—80.1
Capital stock.....	2,463,600	2,463,600		
Long term debt—Total.....	869,713	759,207	110,506	14.6
Current liabilities.....	456,744	610,367	—153,623	—25.2
Deferred and unadjusted liabilities.....	190,407	180,985	9,422	5.2
Retained income.....	4,109,760	4,459,117	—349,357	—7.8

—Decrease.

TO THE STOCKHOLDERS:

With only a small increase in freight business and a continuing decline in passenger train revenues your Company was still able to make some progress in 1963 over the year 1962. The generally stronger business outlook in the area during the closing months of the year gives promise of more favorable possibilities in 1964.

Your Company continues financially strong and well prepared to meet future needs.

This report presents a summary of operating data for the year 1963 and comparative statements of accounts as of December 31.

EARNINGS

After fixed charges the deficit for the year amounted to \$1.35 a share compared to \$3.29 a share in 1962. Income increased 1.7% while charges against income increased only 0.2%. Equipment rent improved substantially but there was a decline in miscellaneous income resulting from non-recurring property sales in the year 1962.

DIVIDENDS

Accumulations from earnings in former years justified a continuance of dividends.

Stockholders received a dividend of \$2.00 a share as of August 1, 1963, and \$2.00 a share as of December 20, 1963.

OPERATING REVENUE

Operating revenues decreased \$13,355, or 0.4%. There were small increases in freight and mail revenue but passenger, express and miscellaneous revenues declined. Several aspects of this situation are discussed in other sections of this report. The operating ratio was at about the same level as last year, increasing only 0.5% to 88.86 in 1963. A substantial improvement would have been recorded except for the needed and profitable expenditures of approximately \$88,000 in a general equipment repair and upgrading program.

FREIGHT

Freight revenue increased \$19,326, or 0.7%. The number of tons handled increased 1.58% but the average distance carried decreased 0.88%. Average revenue for handling a ton one mile increased 0.07%, slightly reversing the trend during recent years. We should hasten to say, however, that this is attributable to change in the classes of commodities handled as, along with other railroads, we continue under heavy

pressure to perform more service at lower rates against strong and unrelenting competition.

The increasing trend in the volume of basic commodities handled continued in 1963 but there was also an increase in manufactured products which is responsible for the small increase in our revenue per ton mile of freight handled.

Some interesting comparative statistics on tonnage, commodities and revenue will be found on pages 17 and 18 of this report.

Deserving especial mention is the decrease in number of loaded cars handled, as was also true of other roads in the southeast during the year, while the total number of tons handled increased. In 1963 loads handled decreased 1.96% but the number of tons of freight per car increased 3.7%. The revenue per ton remained the same.

More illustrative is a comparison of 1963 with 1956. The decrease in loaded cars handled in 1963 over 1956 was 14% while the number of tons of freight per car handled increased 16%. The revenue per loaded car handled increased 6% while the revenue per ton decreased 10.86% and revenue per ton mile decreased 17.87%. The provision of greater capacity equipment with incentive rates for heavier loads is only one of the devices employed to aid in closing the gap between operating costs and competitively priced transportation service.

Intense efforts to better serve our customers and merit all of their business we can properly handle are continuing. Piggyback service to all areas of the country where it can prove of value is being vigorously promoted. Specially designed equipment is being supplied to meet situations requiring its use. Service continues adaptable to requirements. Rate adjustments and various incentives are under constant study. The provision of facilities and service for new and expanding industries is an ever present consideration.

These and all other progressive measures are being constantly researched and employed. Combined with ever alert sales efforts they are designed to preserve and improve the position of your Company in the area it serves while actively promoting and developing its fine potentials for the future.

PASSENGER, ALLIED AND MISCELLANEOUS

Passenger revenue decreased 8.5% in 1963 over that of 1962 as the number of passenger miles decreased 8.14%, thus continuing the long term trend which brings this source of income to its lowest point in many years. A leveling of revenue for the previous four years

had indicated a possible bottoming out of this business but the downturn was sharply resumed in 1963. Continuing highway development and better airline services, provided with the aid of large expenditures of public funds to which railroads are inequitably forced to contribute, result in reports of greater density of travel by those agencies as self supported rail service for passenger movements decline.

Mail revenue increased 3.6% in 1963 although it is increasingly difficult to prevent the diversion of such business to highways. Late in the year we installed some additional contract truck service to supplement trains.

Express revenue saw a further decrease of 6.2% in 1963 due to the installation of competing highway service by the express company to which we referred in our report for 1962. There is little reason to anticipate any improvement in this situation.

Mail and express revenues constitute 58.5% of the total income from passenger train operations.

The burdens of decreased revenue on our passenger trains have made it necessary to re-examine all elements of this service in an effort to curtail losses and preserve our resources. We anticipate some success in this direction during 1964.

Miscellaneous and incidental revenues decreased 9.0% due largely to a decrease in switching service requirements and an improved movement of cars resulting in smaller demurrage assessments.

OPERATING EXPENSES

Expenses of operations continued under close control in 1963 and increased only 0.1% over 1962 although the amount of this increase was greatly exceeded by additional wage and fringe benefit payments resulting from national settlements of such questions. There were substantial reductions in the principal classes of expenditures, except for maintenance of equipment charges which increased as a result of the equipment upgrading program.

The utilization of mechanized track maintenance forces, the retirement of excess double main and side or industrial track in previous years made possible the maintenance of tracks with a smaller number of cross ties, less ballast, and reduced labor costs in 1963. During the year a tractor and bush hog for mechanically clearing right of way of undergrowth were added to the equipment for roadway maintenance as a further means of reducing costs.

Transportation costs decreased 2% although the number of tons of freight carried increased 1.58%. Comments have been made in another section of this

report about the increased loads per car which is one of the many devices that makes additional transportation at less cost possible.

The extension of radio communications in yard, train and roadway operations is proving a valuable aid in improving service at lower cost.

In our report last year we referred to a suit pending against a trucking company for casualty losses when one of our freight trains was struck by a tractor at a public road crossing late in the year 1961. Equipment and track damage in this accident amounted to approximately \$300,000. The jury in the case, which was tried in Richmond County, the home county of the trucking concern, found the truck operator responsible but awarded damages of only \$70,000. The difference in the serious loss was charged to retained income by permission of the Interstate Commerce Commission because it would otherwise have badly distorted normal operating statements.

RAILWAY TAX ACCRUALS

Railway tax accruals increased \$695. Ad Valorem tax rates increased in the cities of Atlanta, Union City and LaGrange and in the counties of Fulton and Clayton.

Effective November 1, 1963 the base amount of earnings upon which Railroad Retirement tax is calculated was increased by congressional action from \$400 to \$450 a month for each employee. This will result in an annual increase in the amount paid by the railroad of approximately \$9,000.

EQUIPMENT RENTS

Measures reported last year to improve adverse equipment rent balances became effective early in 1963 and by year end were resulting in a significant change. Although payments for private line car mileage continue high the improved utilization of our equipment as a result of the upgrading program and the purchase of some new heavy capacity box cars reduced our adverse balance by \$88,000, or 56.9%.

The upgrading program is continuing and we anticipate further substantial improvement.

WAGE AND LABOR NEGOTIATIONS

The disputes between the railroads and their operating employees, involving the gradual elimination of firemen in freight and yard service and the modernization of various work rules, were before the United States Supreme Court at the end of the year. The Supreme Court dismissed an earlier case in 1963 and, in order to forestall strike action, the late President Kennedy cre-

ated an Emergency Board to consider the firemen and crew consist issues. The organizations refused to accept the findings of this Board, whereupon the President referred the matter to Congress in the face of further strike threats. Public Law No. 88 creating an Arbitration Board to handle these two questions was enacted with other questions being referred back to the parties for disposition, if possible, by February 25, 1964. This Board sustained, with few exceptions, the position of the railroads as to firemen and set up guide lines for determining the crew consist issue. Court action was again instituted by some of the organizations in an attack upon the validity of the law and this action is now pending. Further action on the secondary issues remain unsettled but negotiations are continuing.

At the end of 1962 there were unsettled negotiations concerning requests of shop craft federations for restrictive work rules. These remained unsettled in 1963.

During 1963 trainmen, engineers and firemen filed notices requesting wage increases and hospital-medical-surgical benefits. Engineers and firemen included life insurance in their request. These matters were all under negotiation at the close of the year.

In 1963 signalmen filed requests for increases in pay. From other non-operating groups came requests for increased pay, liberalization of hospital-medical-surgical insurance, and protective conditions growing out of coordinations. Counter proposals were filed by the carriers and the questions were all unsettled at the end of the year.

CAPITAL EXPENDITURES

From 1946 through 1963, inclusive, expenditures for additions and betterments to road and equipment amounted to \$6,022,320, which is 80.4% of the total investment at the close of 1945. At the end of 1963 all debt for such purposes amounted to \$869,713, an increase in the year of \$110,506.

Other than the purchase of new 70-ton box cars, capital expenditures were limited to small miscellaneous items in 1963.

No new 115-pound rail was laid in main tracks in 1963 but at year end plans were in progress to lay some new rail in 1964.

INDUSTRIAL DEVELOPMENT

This year has seen some quickening of interest in industrial locations, particularly in the rapidly growing vicinity of Atlanta. Two new industries now have buildings under construction in the Atlanta area. Rich's, Inc. have recently acquired twenty-five acres on the Atlanta

Belt and will soon begin grading operations in preparation for construction of a warehouse to serve their large operations in Atlanta.

A new plant for the manufacture of plastic products is under construction at Newnan. Four other new industries began business at various points on line and four others completed expansions.

In last year's report we referred to acreage adjacent to property owned by us at College Park. This area, consisting of 156 acres, all of which is in Clayton County, bounded on one side by the Circumferential Expressway and on another by the Airport Connector Expressway, owned by Real Estate Investment Trust of America, Inc., Boston, Massachusetts, has now been graded, will be known as South Perimeter Industrial Park and will be served by spur track from our line. The property is strategically located, and because of favorable tax rates in Clayton County, rapid development is anticipated.

Near the close of the year we contracted for the purchase of a 140-acre tract adjacent to our right of way at Fairburn, Georgia. This transaction was closed shortly after the first of the year and the area will be developed for industrial use.

General activity stimulated by more favorable tax considerations results in optimistic expectations for continuing rapid industrial expansion in our territory.

GENERAL

The improvement in our operations under less than favorable conditions in 1963 causes us to look to the future with confidence in the presence of general indications of a high level of business activity. In the anticipated expanding economy the emphasis being placed upon progressive traffic solicitation, operating efficiency and industrial development should produce satisfying results.

At the last annual meeting Mr. Carl J. Reith, of Atlanta, became a member of your board of directors. As president of Colonial Stores, Inc., he brings to us a wealth of information and experience in merchandising.

On other occasions your attention has been called to the urgent need for legislation which would remove the shackles of inequality favoring other modes of transportation in a highly competitive market. Specifically last year we referred to President Kennedy's indictment of those inequities and proposals before Congress for remedial action. His appeals had their beginning in 1962. Now, two years later, bills representing steps in the right direction which have long been before Congress have been through formal hearings but are still languishing in committees.

The bills particularly referred to are H.R. 4700 and S. 1061, and H.R. 4701 and S. 1062. The first pair would extend to the railroads exemptions from minimum rate regulation in the transportation of agricultural, horticultural and fishery products and bulk commodities. The second pair cover amendments to various existing statutes designed to improve the national transportation system along lines proposed by the President. These bills have recently been consolidated by the

House Committee into one measure bearing designation H.R. 9903.

An expression of your views to your representatives in Congress in support of this bill will be helpful.

Again we express grateful thanks to our stockholders and patrons for their loyal support and to our officers and employees for their faithful and capable efforts.

By order of the Board of Directors,

J. CLYDE MIXON

President and General Manager

MILEAGE OPERATED

Miles of road operated at December 31, 1963:

MAIN LINE:

Atlanta to West Point.....	85.72		
Less—Leased to Atlanta Terminal Company.....	0.10	85.62	
Hulsey Junction to Oakland City.....		5.16	90.78

TRACKAGE RIGHTS:

Atlanta Terminal Company, Atlanta.....	0.46		
Central of Georgia Railway, Oakland Junction.....	0.05		
Georgia Railroad (Atlanta Joint Terminals).....	2.02	2.53	
Total mileage operated.....		93.31	

Total mileage operated in freight and passenger service was 90.44 and 86.08 miles, respectively.

TAXES

The following items were accrued:

	1963	1962	Amount	Increase —Decrease	Per Cent
UNITED STATES GOVERNMENT TAXES:					
Railroad Retirement.....	\$ 77,519	\$ 77,739	\$ —220		—0.28
Unemployment Insurance.....	42,075	42,891	—816		—1.90
Other.....	817	1,129	—312		—27.64
Total.....	120,411	121,759	—1,348		—1.11
STATE AND LOCAL TAXES:					
Property.....	59,177	57,973	1,204		2.08
Sales and use.....	15,751	14,766	985		6.67
Other.....	2,883	3,029	—146		—4.82
Total.....	77,811	75,768	2,043		2.70
TOTAL.....	198,222	197,527	695		0.35
Taxes on nonoperating property.....	9,691	9,389	302		3.23
GRAND TOTAL.....	\$ 207,913	\$ 206,916	\$ 997		0.48

—Decrease

HASKINS & SELLS
ACCOUNTANTS

ATLANTA

ACCOUNTANTS' OPINION

Atlanta and West Point Rail Road Company:

We have examined the balance sheet of Atlanta and West Point Rail Road Company as of December 31, 1963 and the related statements of income and of retained income for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The Company maintains its accounts in conformity with the Uniform System of Accounts for Railroad Companies prescribed by the Interstate Commerce Commission and the accompanying financial statements have been prepared in accordance therewith. As explained in note 1, the provisions of such system vary in certain respects from generally accepted accounting principles.

In our opinion, with the exception referred to in the preceding paragraph, the accompanying financial statements present fairly the financial position of the Company at December 31, 1963 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Haskins & Sells

April 7, 1964

BALANCE SHEET
ASSETS

	December 31	
	1963	1962
CURRENT ASSETS:		
Cash.....	\$ 212,974.65	\$ 184,304.77
Temporary cash investments.....	1,101,920.89	1,182,663.19
Net balance receivable from agents.....	76,390.65	68,674.98
Miscellaneous accounts receivable.....	38,601.29	90,279.80
Accrued accounts receivable.....	45,497.44	66,179.04
Material and supplies.....	283,944.57	333,237.15
Prepayments and other current assets.....	23,393.62	19,512.32
Total.....	1,782,723.11	1,944,851.25
SPECIAL FUND:		
Insurance.....	2,089.95	1,933.45
INVESTMENTS:		
Investments in affiliated companies.....	232,814.26	231,764.28
Other.....	244.67	
Total.....	232,814.26	232,008.95
PROPERTIES:		
Transportation—		
Road and equipment.....	10,631,283.73	10,500,761.90
Less accrued depreciation and amortization.....	4,797,381.24	4,704,985.09
Total transportation property, less recorded depreciation and amortization.....	5,833,902.49	5,795,776.81
Miscellaneous.....	351,856.33	351,856.33
Less accrued depreciation.....	174,556.33	170,980.09
Total miscellaneous property, less recorded depreciation.....	177,300.00	180,876.24
Total properties, less recorded depreciation and amortization.....	6,011,202.49	5,976,653.05
OTHER ASSETS AND DEFERRED CHARGES:		
Other assets.....	19,809.79	12,415.63
Deferred charges.....	41,583.91	305,413.60
Total.....	61,393.70	317,829.23
TOTAL	\$ 8,090,223.51	\$ 8,473,275.93

BALANCE SHEET
LIABILITIES AND SHAREHOLDERS' EQUITY

	December 31	
	1963	1962
CURRENT LIABILITIES:		
Traffic and car—service balances—net.....	\$ 118,405.53	\$ 316,024.89
Audited accounts payable.....	118,799.04	102,782.62
Miscellaneous accounts payable.....	39,417.24	129.15
Unmatured interest accrued.....	1,919.78	401.29
Accrued accounts payable.....	176,825.69	189,949.12
Taxes accrued.....	1,376.61	1,080.13
Total (exclusive of long-term debt due within one year).....	456,743.89	610,367.20
LONG-TERM DEBT DUE WITHIN ONE YEAR:		
Equipment obligations.....	133,773.92	118,013.92
LONG-TERM DEBT:		
Equipment obligations.....	735,939.33	641,193.25
RESERVE:		
Insurance.....	126,526.64	126,347.69
OTHER LIABILITIES AND DEFERRED CREDITS:		
Other liabilities.....	4,370.48	7,558.89
Deferred credits.....	59,509.33	47,077.94
Total.....	63,879.81	54,636.83
SHAREHOLDERS' EQUITY:		
Capital stock—authorized, 25,000 shares of \$100 par value each; outstanding, 24,636 shares.....	2,463,600.00	2,463,600.00
Retained income.....	4,109,759.92	4,459,117.04
Total.....	6,573,359.92	6,922,717.04
TOTAL	\$ 8,090,223.51	\$ 8,473,275.93

See accompanying Notes to Financial Statements.

STATEMENT OF INCOME

	1963	1962	Increase or Decrease
OPERATING INCOME:			
Railway Operating Income:			
Railway operating revenues.....	\$ 3,400,875.26	\$ 3,414,230.72	\$ -13,355.46
Railway operating expenses.....	3,022,156.25	3,018,966.02	3,190.23
Net revenue from railway operations.....	378,719.01	395,264.70	-16,545.69
Railway tax accruals.....	198,221.59	197,526.74	694.85
Railway operating income.....	180,497.42	197,737.96	-17,240.54
Rent Income:			
Rent from locomotives.....	8,087.09	6,103.15	1,983.94
Rent from passenger-train cars.....	80,756.50	68,236.87	12,519.63
Rent from work equipment.....	4,249.58	4,217.90	31.68
Joint facility rent income.....	17,472.55	15,580.35	1,892.20
Total rent income.....	110,565.72	94,188.27	16,427.45
Rent Payable:			
Hire of freight cars—net.....	89,735.07	151,800.81	-62,065.74
Rent for locomotives.....	13,585.32	15,273.39	-1,688.07
Rent for passenger-train cars.....	54,247.35	63,538.22	-9,290.87
Rent for work equipment.....	2,195.36	2,633.68	-438.32
Joint facility rents.....	253,873.11	258,326.60	-4,453.49
Total rent payable.....	413,636.21	491,572.70	-77,936.49
Net rent payable.....	303,070.49	397,434.43	-94,363.94
Net railway operating income.....	-122,573.07	-199,696.47	77,123.40
OTHER INCOME:			
Miscellaneous rents.....	42,142.88	34,104.20	8,038.68
Income from nonoperating property.....	26,226.30	30,142.36	-3,916.06
Dividends.....	2,000.00	2,585.00	-585.00
Interest.....	41,888.63	41,841.00	47.63
Income from sinking and other reserve funds.....	69.53		69.53
Miscellaneous, property sales, etc.....	19,833.92	50,628.77	-30,794.85
Total other income.....	132,161.26	159,301.33	-27,140.07
Total income.....	9,588.19	-40,395.14	49,983.33
MISCELLANEOUS DEDUCTIONS FROM INCOME:			
Rents.....	1,242.27	1,161.10	81.17
Tax accruals.....	9,691.52	9,388.48	303.04
Income charges.....	394.60	919.62	-525.02
Total miscellaneous deductions.....	11,328.39	11,469.20	-140.81
Income available for fixed charges.....	-1,740.20	-51,864.34	50,124.14
FIXED CHARGES:			
Interest on funded debt.....	31,310.54	29,108.61	2,201.93
Amortization of discount on funded debt.....	303.48		303.48
Total fixed charges.....	31,614.02	29,108.61	2,505.41
NET INCOME.....	\$ -33,354.22	\$ -80,972.95	\$ 47,618.73

—Decrease

See Note 1 in the accompanying Notes to Financial Statements.

STATEMENT OF RETAINED INCOME**CREDITS**

Retained income, January 1, 1963.....	\$ 4,459,117.04
---------------------------------------	-----------------

DEBITS

Net loss for the year	\$ 33,354.22
Loss sustained from truck-train accident near 83 mile post October 4, 1961	217,458.90
Dividends to shareholders:	
\$2 a share paid August 1, 1963.....	\$ 49,272.00
\$2 a share paid December 20, 1963.....	49,272.00 98,544.00 349,357.12
Retained income, December 31, 1963.....	\$ 4,109,759.92

NOTES TO FINANCIAL STATEMENTS

1. The provisions of the Uniform System of Accounts for Railroad Companies prescribed by the Interstate Commerce Commission vary from generally accepted accounting principles in that, under the Uniform System, no accounting recognition is given to the possible effect on income taxes in future years of prior years' reductions in income taxes resulting from the deductions (net) for amortization and depreciation of property for income tax purposes in excess of the amounts recorded in the accounts. The cumulative amount of such reductions in income taxes included in retained income at December 31, 1963 was \$472,000. In 1963 and 1962 the amortization was less than recorded depreciation, but this had no effect on income taxes because of a tax loss in both years.
2. The Company, together with Southern Railway Company and Central of Georgia Railway Company, jointly and severally guarantees unconditionally the payment of principal and interest of the first mortgage series A, 4% bonds of Atlanta Terminal Company due August 1, 1969, of which \$514,000 were outstanding at December 31, 1963.

OPERATING EXPENSES

ACCOUNT	1963	1962	Increase or Decrease
Maintenance of Way and Structures:			
201 Superintendence	\$ 33,629.59	\$ 34,731.88	\$ —1,102.29
202 Roadway maintenance	24,721.71	26,254.08	—1,532.37
208 Bridges, trestles and culverts	1,493.35	1,018.99	474.36
212 Ties	32,165.17	39,333.42	—7,168.25
214 Rails	2,964.95	5,233.80	—2,268.85
216 Other track material	2,305.82	7,487.62	—5,181.80
218 Ballast	10,861.62	14,198.19	—3,311.57
220 Track laying and surfacing	46,980.60	63,744.00	—16,763.40
221 Fences, snowsheds, and signs	496.24	922.44	—426.20
227 Station and office buildings	6,951.45	3,135.81	3,815.64
229 Roadway buildings	965.46	484.33	481.13
235 Shops and enginehouses	10.73	3.38	7.35
247 Communication systems	8,671.44	9,066.74	—395.30
249 Signals and interlockers	19,234.14	23,726.64	—4,492.50
257 Power-transmission systems		—2.67	—2.67
266 Road property—Depreciation:			
Engineering	1,090.44	1,090.48	—.04
Grading	411.48	411.48	
Tunnels and subways	395.04	395.04	
Bridges, trestles and culverts	11,078.40	10,676.90	401.50
Rails	38,809.44	38,809.44	
Other track material	24,769.92	24,769.92	
Fences, snowsheds and signs	519.36	519.36	
Station and office buildings	6,681.94	6,668.88	13.06
Fuel stations	134.04	134.04	
Shops and enginehouses		—5.00	5.00
Communication systems	1,384.20	1,374.00	10.20
Signals and interlockers	4,479.47	4,481.23	—1.76
Roadway machines	4,987.08	4,987.08	
Public improvements—Construction	3,103.44	3,103.43	.01
267 Retirements—Road	1,009.33	3,710.67	—2,701.34
269 Roadway machines	20,109.07	16,171.25	3,937.82
270 Dismantling retired road property	180.55	647.25	—466.70
271 Small tools and supplies	7,412.88	5,915.07	1,497.81
272 Removing snow, ice and sand	158.71	22.72	135.99
273 Public improvements—Maintenance	10,172.70	7,706.13	2,466.57
274 Injuries to persons	1,066.85	1,946.78	—879.93
275 Insurance	879.28	276.85	602.43
276 Stationery and printing	634.57	527.32	107.25
277 Employees health and welfare benefits	8,184.11	6,497.40	1,686.71
278 Maintaining joint tracks, yards and other facilities—Debit	76,296.02	84,389.17	—8,093.15
279 Maintaining joint tracks, yards and other facilities—Credit	—5,215.45	—4,689.78	—525.67
282 Other expenses	10.00		10.00
Total	410,192.47	449,873.43	—39,680.96
Maintenance of Equipment:			
301 Superintendence	18,923.61	18,378.88	544.73
311 Other locomotives—Repairs	140,157.61	117,601.68	22,555.93
314 Freight train cars—Repairs	214,527.97	147,291.74	67,236.23
317 Passenger train cars—Repairs	76,931.84	76,659.82	272.02
326 Work equipment—Repairs	2,719.96	4,414.47	—1,694.51
328 Miscellaneous equipment—Repairs	2,988.00	3,239.93	—251.93
330 Retirements—Equipment	—4,346.97		—4,346.97
331 Equipment—Depreciation	170,934.17	168,074.43	2,859.74
332 Injuries to persons	3,015.93	2,284.89	731.04
333 Insurance	2,356.16	1,862.75	493.41
334 Stationery and printing	741.23	859.87	—118.64
335 Employees health and welfare benefits	14,283.50	14,554.67	—271.17
336 Joint maintenance of equipment expenses—Debit	16,642.64	16,386.72	255.92
339 Other expenses	19.80		19.80
Total	\$ 659,895.45	\$ 571,609.85	\$ 88,285.60

—Decrease

OPERATING EXPENSES

ACCOUNT	1963	1962	Increase or Decrease
Traffic:			
351 Superintendence	\$ 52,363.97	\$ 55,295.60	\$ —2,931.63
352 Outside agencies	130,409.63	142,109.28	—11,699.65
353 Advertising	2,088.52	1,791.54	296.98
354 Traffic associations	3,716.96	3,900.42	—183.46
356 Industrial and immigration bureaus	8,580.06	7,175.88	1,404.18
357 Insurance	74.64	76.01	—1.37
358 Stationery and printing	13,659.13	13,228.27	430.86
359 Employees health and welfare benefits	5,954.80	8,294.30	—2,339.50
Total	216,847.71	231,871.30	—15,023.59
Transportation—Rail Line:			
371 Superintendence	22,951.33	22,414.93	536.40
372 Dispatching trains	15,793.62	14,563.70	1,229.92
373 Station employees	150,408.86	158,619.84	—8,210.98
374 Weighing, inspection and demurrage bureaus	7,809.13	8,411.53	—602.40
376 Station supplies and expenses	6,738.15	6,983.13	—244.98
378 Yard conductors and brakemen	40,528.77	43,992.25	—3,463.48
380 Yard enginemen	30,073.88	29,523.13	550.75
382 Yard switching fuel	3,452.37	5,156.60	—1,704.23
386 Lubricants for yard locomotives	.31		.31
387 Other supplies for yard locomotives	141.00	318.88	—177.88
389 Yard supplies and expenses	8.56	7.98	.58
390 Operating joint yards and terminals—Debit	530,219.28	537,375.74	—7,156.46
391 Operating joint yards and terminals—Credit	—69,006.58	—75,257.25	6,250.67
392 Train enginemen	157,519.80	155,116.66	2,403.14
394 Train fuel	137,618.00	134,153.85	3,464.15
397 Water for train locomotives	1,267.50	879.27	388.23
398 Lubricants for train locomotives	11,265.22	10,908.15	357.07
399 Other supplies for train locomotives	1,976.12	2,172.66	—196.54
400 Enginehouse expenses—Train	47,738.04	52,715.96	—4,977.92
401 Trainmen	202,151.60	198,789.86	3,361.74
402 Train supplies and expenses	43,559.14	47,141.63	—3,582.49
403 Operating sleeping cars	43,407.51	34,495.69	8,911.82
404 Signal and interlocker operation	9,800.17	11,485.49	—1,685.32
405 Crossing protection	630.18	374.70	255.48
407 Communication system operation	4,854.98	5,056.90	—201.92
409 Employees health and welfare benefits	8,979.30	9,938.47	—959.17
410 Stationery and printing	5,806.36	5,054.46	751.90
411 Other expenses	725.69	653.61	72.08
412 Operating joint tracks and facilities—Debit	17,490.27	18,092.67	—602.40
413 Operating joint tracks and facilities—Credit	—7,919.46	—7,576.33	—343.13
414 Insurance	7,848.56	8,928.60	—1,080.04
415 Clearing wrecks	818.49	5,158.93	—4,340.44
416 Damage to property	2,112.29	8,778.22	—6,665.93
418 Loss and damage—Freight	24,212.75	20,507.26	3,705.49
419 Loss and damage—Baggage	52.76	61.43	—8.67
420 Injuries to persons	13,837.37	30,376.11	—16,538.74
Total	1,474,871.32	1,505,374.71	—30,503.39
Miscellaneous Operations:			
441 Dining and buffet service	40,456.59	38,831.48	1,625.11
449 Employees health and welfare benefits	1,515.87	1,466.11	49.76
Total	41,972.46	40,297.59	1,674.87
General:			
451 Salaries and expenses of general officers	37,052.00	36,410.98	641.02
452 Salaries and expenses of clerks and attendants	115,752.24	117,978.57	—2,226.33
453 General office supplies and expenses	11,533.49	11,482.79	50.70
454 Law expenses	15,513.87	16,674.87	—1,161.00
455 Insurance	142.70	2,135.43	—1,992.73
456 Employees health and welfare benefits	6,805.98	6,537.09	268.89
457 Pensions	5,601.78	5,017.30	584.48
458 Stationery and printing	8,961.95	6,989.21	1,972.74
460 Other expenses	3,638.44	3,961.30	—322.86
461 General joint facilities—Debit	13,374.39	12,751.60	622.79
Total	218,376.84	219,939.14	—1,562.30
Total railway operating expenses	\$ 3,022,156.25	\$ 3,018,966.02	\$ 3,190.23
Ratio of operating expenses to operating revenues	88.86	88.42	0.44

—Decrease

RAILWAY OPERATING REVENUES

YEAR ENDED DECEMBER 31	Freight	Passenger	Mail	Express	All Other Transportation	Incidental	Joint Facility- Credit	Joint Facility- Debt	Total Railway Operating Revenues
1954	\$2,860,359.99	\$ 412,063.17	\$ 253,152.81	\$ 130,254.01	\$ 80,048.13	\$ 96,418.72	\$ 58,553.64	\$ 160.23	\$3,891,590.24
1955	2,584,637.18	331,909.74	183,843.37	199,096.26	101,482.78	95,215.22	67,049.00	160.17	3,563,073.38
1956	3,001,663.72	364,751.65	208,691.30	195,818.33	73,892.28	95,717.03	131,763.43	289.86	4,072,008.38
1957	2,818,767.31	341,992.42	228,678.35	165,689.09	72,444.67	86,359.63	105,428.44	97.56	3,819,282.35
1958	2,718,845.76	241,616.42	241,616.42	162,880.15	74,546.85	75,120.84	98,352.37	98.36	3,658,262.31
1959	2,876,895.10	260,690.71	222,552.02	211,151.19	71,607.23	78,827.36	91,168.70	131.84	3,814,759.93
1960	2,792,647.11	262,142.70	203,783.66	179,453.23	67,308.09	88,203.03	78,209.72	104.18	3,671,643.36
1961	2,720,426.20	247,665.21	229,351.50	143,168.38	39,397.04	77,232.92	77,011.46	127.02	3,534,125.69
1962	2,636,943.56	257,875.55	231,336.49	100,390.20	30,637.39	80,753.16	76,620.56	126.19	3,414,250.72
1963	2,656,269.83	235,885.30	239,467.12	94,161.19	26,395.94	74,966.61	73,854.06	124.79	3,400,875.26

RAILWAY OPERATING EXPENSES AND NET REVENUE FROM RAILWAY OPERATIONS

YEAR ENDED DECEMBER 31	Mainte- nance of Way and Structures	Mainte- nance of Equipment	Traffic	Transpor- tation	Miscel- laneous	General	Total Railway Operating Expenses	Total Railway Operating Expenses	Ratio Operating Expenses to Operating Revenues
1954	\$ 533,633.77	\$ 659,262.86	\$ 180,423.33	\$1,673,546.16	\$ 59,692.25	\$ 195,945.21	\$3,302,503.58	\$ 589,086.66	84.86
1955	480,279.06	689,213.05	180,121.10	1,469,732.92	48,164.30	179,819.54	3,047,329.97	515,743.41	85.53
1956	565,446.05	784,112.47	205,817.79	1,767,205.16	56,796.23	213,973.36	3,563,351.06	488,657.32	88.00
1957	517,372.51	727,617.46	209,546.83	1,779,147.73	40,711.20	216,271.22	3,490,666.95	328,595.40	91.40
1958	444,763.18	620,883.96	203,234.04	1,751,067.41	37,237.98	217,418.78	3,274,605.35	363,656.96	89.51
1959	504,720.90	625,446.24	215,700.16	1,608,153.81	40,835.95	217,748.54	3,212,605.60	602,154.33	84.22
1960	475,714.42	594,053.50	218,400.72	1,559,452.04	40,066.95	228,566.47	3,116,254.10	555,389.26	84.87
1961	406,862.22	574,269.28	226,446.56	1,519,164.02	41,173.42	216,359.15	2,984,274.65	549,851.04	84.44
1962	449,873.43	571,609.85	231,871.30	1,505,374.71	40,297.59	219,939.14	3,018,966.02	395,264.70	88.42
1963	410,192.47	659,895.45	216,847.71	1,474,871.32	41,972.46	218,376.84	3,022,156.25	378,719.01	88.86

CLASSIFICATION OF FREIGHT TRAFFIC

COMMODITY	1963		1962		Increase or Decrease Tons	
	No. of Tons 2,000 lbs.	P/Ct. to Total Tons	No. of Tons 2,000 lbs.	P/Ct. to Total Tons		
Products of Agriculture	Grain and products, hay, tobacco	30,467	1.21	27,219	1.10	3,248
	Cotton in bales	134,738	5.35	154,845	6.25	-20,107
	Linters, cottonseed, and products	43,092	1.71	40,673	1.64	2,419
	Fruits, fresh, and melons	4,744	0.19	5,723	0.23	-979
	Fruits, dried and frozen	652	0.03	1,001	0.04	-349
	Coffee	2,254	0.09	2,100	0.09	154
	Cabbage, celery, lettuce, onions	2,342	0.09	3,289	0.13	-947
	Potatoes, other than sweet	6,357	0.25	9,960	0.40	-3,603
	Tomatoes, vegetables, fresh	1,220	0.05	1,734	0.07	-514
	Vegetables, dried and frozen	1,240	0.05	1,104	0.04	136
	Peanuts	3,657	0.15	4,334	0.18	-677
	Other products of agriculture	740	0.03	1,812	0.07	-1,072
Total		231,503	9.20	253,794	10.24	-22,291
Animals and Products	Meat, margarine, poultry and eggs	2,906	0.12	3,569	0.14	-663
	Butter, cheese, dairy products	15,298	0.61	5,927	0.24	9,371
	Wool and mohair	1,859	0.07	1,268	0.05	591
	Hides and other products of animals	615	0.02	873	0.04	-258
	Total	20,678	0.82	11,637	0.47	9,041
Products of Mines	Coal and coke	23,954	0.95	37,991	1.53	-14,037
	Ores, iron, copper, lead, barytes	164,106	6.52	174,369	7.04	-10,263
	Clay, sand and gravel	266,116	10.58	213,785	8.63	52,331
	Stone and rock	210,520	8.37	251,350	10.14	-40,830
	Petroleum, crude	100		12		88
	Asphalt	17,210	0.68	14,300	0.58	2,910
	Salt	15,283	0.61	10,599	0.43	4,684
	Phosphate rock	8,295	0.33	4,987	0.20	3,308
	Sulphur	11,336	0.45	13,837	0.56	-2,501
	Products of mines, N. O. S.	61,726	2.45	51,045	2.06	10,681
Total		778,646	30.94	772,275	31.17	6,371
Products of Forests	Logs, posts, poles, wood fuel	3,765	0.15	5,886	0.24	-2,121
	Ties, railroad	753	0.03	908	0.04	-155
	Pulpwood	32,456	1.29	29,357	1.18	3,099
	Lumber, shingles and lath	72,119	2.86	69,500	2.81	2,619
	Cooperage material, veneer, plywood	40,141	1.60	31,825	1.28	8,316
	Rosin and turpentine	453	0.02	481	0.02	-28
	Products of forests, N. O. S.	852	0.03	1,093	0.04	-241
	Total	150,539	5.98	139,050	5.61	11,489
Manufactures and Miscellaneous	Gasoline, petroleum and gases	109,386	4.35	115,602	4.66	-6,216
	Oils, cottonseed, vegetable, etc.	55,366	2.20	47,710	1.92	7,656
	Rubber, rubber goods, chemicals	55,960	2.22	41,477	1.67	14,483
	Sulphuric acid	42,210	1.68	48,334	1.95	-6,124
	Acids, sodium, alcohol	137,354	5.46	111,635	4.51	25,719
	Fertilizers, N. O. S.	105,268	4.18	107,214	4.33	-1,946
	Tar, paint, drugs, toilet articles	22,402	0.89	18,110	0.73	4,292
	Iron, pig, bar, nails, pipe, tanks	66,051	2.63	75,370	3.04	-9,319
	Agricultural implements, machinery	7,577	0.30	5,218	0.21	2,359
	Vehicles, automobiles, airplanes	8,913	0.35	11,129	0.45	-2,216
	Cement	87,383	3.47	93,311	3.77	-5,928
	Brick, artificial stone	41,893	1.66	34,698	1.40	7,195
	Lime, plaster	5,097	0.20	4,499	0.18	598
	Woodpulp, rags, paper, pulpboard	274,367	10.90	259,057	10.46	15,310
	Building material	30,690	1.22	27,516	1.11	3,174
	Glassware, refrigerators, stoves	20,826	0.83	21,735	0.88	-909
	Bagging, cotton factory products	24,074	0.96	23,042	0.93	1,032
	Sugar	58,195	2.31	64,200	2.59	-6,005
	Candy, soap, tobacco, cigarettes	82,365	3.27	81,297	3.28	1,068
	Scrap iron and steel, borings, etc.	10,635	0.42	14,002	0.57	-3,367
	Furnace slag	8,206	0.33	9,808	0.40	-1,602
	Other manufactures and miscellaneous	76,189	3.03	79,253	3.20	-3,064
	Total	1,330,407	52.86	1,294,217	52.24	36,190
	Forwarder Traffic (C. L.)	224	0.01	590	0.02	-366
	GRAND TOTAL, CARLOAD TRAFFIC	2,511,997	99.81	2,471,563	99.75	40,434
	All L. C. L. Freight	4,674	0.19	6,055	0.25	-1,381
	GRAND TOTAL, CARLOAD AND L. C. L. TRAFFIC	2,516,671	100.00	2,477,618	100.00	39,053

—Decrease

FREIGHT AND PASSENGER STATISTICS

FREIGHT TRAFFIC	1963	1962	Increase or Decrease	
			Amount	Percent
1 Number of tons carried.....	2,516,671	2,477,618	39,053	1.58
2 Number of tons carried one mile.....	185,287,109	184,011,341	1,275,768	0.69
3 Number of tons per mile of road (Average).....	27,827	27,395	432	1.58
4 Number of tons carried one mile per mile of road.....	2,048,730	2,034,623	14,107	0.69
5 Number of tons in each train (Average).....	946.83	919.34	27.49	2.99
6 Number of tons in each loaded car (Average).....	27.83	26.23	1.60	6.10
7 Average distance one ton carried (Miles).....	73.62	74.27	-0.65	-0.88
8 Revenue per ton per mile.....	\$ 0.01434	\$ 0.01433	\$ 0.00001	0.07
9 Revenue per mile of road.....	29,370.52	29,156.82	213.70	0.73
10 Revenue per freight train mile.....	18.49	18.32	0.17	0.93
11 Revenue per freight car mile—Loads.....	0.54353	0.52255	0.02098	4.01
12 Revenue per freight car mile—Total.....	0.35112	0.34154	0.00958	2.80
13 Revenue per ton.....	1.06	1.06		
 PASSENGER TRAFFIC				
1 Number of passengers carried.....	88,721	96,329	-7,608	-7.90
2 Number of passengers carried one mile.....	7,486,783	8,150,474	-663,691	-8.14
3 Number of passengers per mile of road (Average).....	1,031	1,119	-88	-7.90
4 Number of pass. carried one mile per mile of road.....	86,975	94,685	-7,710	-8.14
5 Number of passengers in each train (Average).....	60	67	-7	-10.45
6 Number of passengers in each car (Average).....	13	13		
7 Average distance each passenger (Miles).....	84.39	84.61	-0.22	-0.26
8 Passenger service train revenue per mile of road.....	\$ 6,639.16	\$ 6,867.58	\$ -228.42	-3.33
9 Passenger service train revenue per pass. train mile.....	4.55	4.78	-0.23	-4.81
10 Passenger service train revenue per pass. car mile.....	0.46510	0.47824	-0.01314	-2.75
11 *Revenue per passenger per mile.....	0.03151	0.03164	-0.00013	-0.41
12 *Revenue per passenger.....	2.66	2.68	-0.02	-0.75
 ALL TRAFFIC				
Railway operating revenues per mile of road.....	\$ 36,447.06	\$ 36,590.19	\$ -143.13	-0.39
Railway operating revenues per revenue train mile.....	12.63	12.76	-0.13	-1.02
Railway operating expenses per mile of road.....	\$ 32,388.34	\$ 32,354.15	\$ 34.19	0.11
Railway operating expenses per revenue train mile.....	11.22	11.28	-0.06	-0.53
Per cent of railway operating expenses to oper. revenue.....	88.86	88.42	0.44	0.50
Net revenue per mile of road.....	\$ 4,058.72	\$ 4,236.04	\$ -177.32	-4.19
Net revenue per revenue train mile.....	1.41	1.48	-0.07	-4.73
Per cent of net revenue to total revenue.....	11.14	11.58	-0.44	-3.80
Railway operating expenses and taxes per mile of road....	\$ 34,512.68	\$ 34,471.03	\$ 41.65	0.12
Railway operating expenses and taxes per rev. train mile.....	11.96	12.02	-0.06	-0.50
Per cent of operating expenses and taxes to total revenues	94.69	94.21	0.48	0.51

* Revenue excludes mail, express, excess baggage, and other passenger-train.

† Revenue includes mail, express, excess baggage, and other passenger-train.

—Decrease.

TRAIN, LOCOMOTIVE AND CAR MILES

CLASS	1963	1962	Increase or Decrease
TRAIN MILES			
801 Freight	143,636	143,965	-329
802 Passenger	125,618	123,565	2,053
Total Revenue Service Train Miles	269,254	267,530	1,724
805 Non-Revenue Service Train Miles	66	1,453	-1,387
TOTAL TRAIN MILES	269,320	268,983	337
LOCOMOTIVE MILES			
811 Freight—Principal	143,636	143,965	-329
Freight—Trailing Units	191,730	195,318	-3,588
812 Passenger—Principal	125,618	123,565	2,053
Passenger—Trailing Units	167,281	165,239	2,042
Passenger—Light	10,233	10,125	108
815 Switching—Train	53,578	39,449	14,129
816 Switching—Yard—Freight	25,482	25,704	-222
Total Revenue Locomotive Miles	717,558	703,365	14,193
817 Non-Revenue Locomotive Miles	66	1,453	-1,387
TOTAL LOCOMOTIVE MILES	717,624	704,818	12,806
FREIGHT CAR MILES			
821 Freight Loaded	4,887,045	5,046,316	-159,271
Freight Empty	2,537,672	2,532,652	5,020
System Caboose	140,360	140,505	-145
Freight Car Miles in Passenger Trains		1,175	-1,175
Total Freight Car Miles	7,565,077	7,720,648	-155,571
PASSENGER CAR MILES			
822 Passenger Coaches	260,603	265,480	-4,877
Sleeping and Parlor Cars	328,707	343,117	-14,410
Club, Lounge, Dining and Observation	64,326	61,218	3,108
Business	1,967	2,565	-598
Mall, Express and Baggage	557,224	552,738	4,486
Combination Passenger and Baggage	86	941	-855
Passenger Car Miles in Freight Trains	15,840	10,051	5,789
Total Passenger Car Miles	1,228,753	1,236,110	-7,357
Total Revenue Car Miles	8,793,830	8,956,758	-162,928
825 Non-Revenue Service Car Miles	78	6,422	-6,344
TOTAL CAR MILES	8,793,908	8,963,180	-169,272

—Decrease

PROPERTIES—ROAD AND EQUIPMENT

	Total	Road	Equipment	General Expenditures	Other
Balance, January 1, 1963.....	\$ 10,500,762	\$ 5,514,693	\$ 4,871,880	\$ 114,189	
Additions.....	319,934	18,107	301,827		
Adjustments to recorded valuation.....		1,431,763	—4,023	209,149	\$ —1,636,889
Total.....	10,820,696	6,964,563	5,169,684	323,338	—1,636,889
Retirements.....	189,412	63,240	126,172		
Investment in transportation property.....	\$ 10,631,284	\$ 6,901,323	\$ 5,043,512	\$ 323,338	\$ —1,636,889

Principal additions to property consisted of the following:

ROAD:

Concrete platform at East Point.....	\$ 5,956
One-fourth interest in McWilliams Spot Tamper	5,762
	\$ 11,718

EQUIPMENT:

Purchase of twenty 70-ton box cars	\$296,322
--	-----------

INVESTMENT IN ROAD AND EQUIPMENT FOR YEAR ENDED DECEMBER 31, 1963

ROAD	Additions	Retirements	Net Total
2 Land for transportation purposes.....	\$ 1.75	\$ 4,002.94	\$ —4,001.19
8 Ties.....	665.53	2,451.33	—1,785.80
9 Rails.....	236.49	1,894.73	—1,658.24
10 Other track material.....	747.50	1,326.19	—578.69
12 Track laying and surfacing.....	222.49		222.49
16 Station and office buildings.....	6,105.88	48,146.77	—42,040.89
17 Roadway buildings.....		4,801.72	—4,801.72
27 Signals and interlockers.....		616.87	—616.87
37 Roadway machines.....	10,127.03		10,127.03
Total expenditures for road.....	18,106.67	63,240.55	—45,133.88
EQUIPMENT			
52 Other locomotives.....	2,724.45		2,724.45
53 Freight-train cars.....	296,322.10	123,568.81	172,753.29
57 Work equipment.....	573.56		573.56
58 Miscellaneous equipment.....	2,207.16	2,602.75	—395.59
Total expenditures for equipment.....	301,827.27	126,171.56	175,655.71
Total.....	\$ 319,933.94	\$ 189,412.11	\$ 130,521.83

—Decrease

EQUIPMENT OWNED
December 31, 1959 to 1963

	1963	1962	1961	1960	1959
Diesel Locomotive Units	11	11	11	12	12
Average Age (Years)	12.81	11.81	10.81	9.75	8.75
Freight Train Cars:					
Box	344	362	362	363	333
Flat	22	24	24	24	24
Gondola	52	53	53	53	53
Hopper	75	82	86	38	89
Racks	45	45	45	45	45
Caboose	6	7	8	8	8
Total Freight Equipment	544	573	578	581	552
Tonnage Capacity of Freight Equipment	27,860	28,660	28,860	29,010	27,560
Average Age (Years)	18.07	19.36	18.49	17.52	17.46
Passenger Train Cars:					
Coaches	6	6	6	6	7
Sleeping	4	4	4	4	4
Dining	1	1	1	1	1
Other Passenger Carrying Cars					
Combination Mail and Baggage	1	1	2	3	3
Baggage, Express and other Non-Passenger Carrying Cars	7	7	7	7	7
Total Passenger Train Equipment	19	19	20	22	23
Investment in Above Equipment:					
(December 31)	\$ 4,943,208	\$ 4,771,785	\$ 4,789,557	\$ 4,999,622	\$ 4,708,450
Investment in Company Service Equipment	100,304	100,094	84,801	84,801	84,036
Total Investment in Equipment	\$ 5,043,512	\$ 4,871,879	\$ 4,874,358	\$ 5,084,423	\$ 4,792,486

EQUIPMENT OBLIGATIONS, DECEMBER 31, 1963

Description and Date	Amount	Unpaid Dec. 31, 1963	Instalments Payable	Interest Rate Percent	Final Payment Due or Paid	Matured or Paid During Year 1963
Conditional Sale Agreements:						
December 16, 1950	\$ 513,000.00	\$ 54,574.00	Monthly	2.85	Mar. 1, 1966	\$ 25,188.00
April 1, 1952	413,100.00	100,878.00	Monthly	3.00	Oct. 19, 1967	26,316.00
October 1, 1952	151,800.00	40,480.00	Quarterly	3.25	Nov. 1, 1967	10,120.00
September 1, 1955	87,360.00	20,384.00	Monthly	3.25	May 1, 1966	8,736.00
February 15, 1956	220,823.79	108,905.61	Monthly	3.35	July 1, 1971	14,921.28
February 15, 1956	242,601.15	117,251.64	Monthly	3.35	Apr. 1, 1971	16,172.64
October 10, 1960	248,400.00	198,720.00	Quarterly	4.50	Jan. 1, 1976	16,560.00
April 16, 1963	236,400.00	228,520.00	Quarterly	4.20	May 1, 1978	7,880.00
Total	\$ 2,113,484.94	\$ 869,713.25				\$ 125,893.92

